

# Weaver Vale Housing Trust

Where do we add value?

**It's the local economy, stupid.**

An evidence based report on the economic impact of Weaver Vale Housing Trust.

July 2015



## Preface



As the new Chair for the Trust and new to the sector, I have been keen to really understand why Housing Associations exist and in particular why Weaver Vale Housing Trust does what it does?

I discussed this with our Chief Executive, Steve Jennings and he gave a range of reasons both historical and contemporary. As I thought about the nature of the work that the Trust was driving forward, that well known saying kept coming into my head...“It’s the economy, stupid”. But for the Trust it became increasingly clear to me that **“It’s the local economy, stupid”**.

Organisations that contribute in this way provide stability in an era where public policy is being reshaped. Our role is growing in importance as welfare is restructured to place a much greater emphasis on local economic development, self reliance, enhanced participation in employment and the promotion of skills and training.

This report and the research contained within it, provides the evidence to back up our initial musings on the answer to the question “Why housing associations and why Weaver Vale?”. It reinforces our view of the vital role we play in supporting our local economy.

I think this can be a unifying message for all Housing Associations, those locally based like us, those who have a regional economic impact that reflects their size and geographic footprint, through to the big national players who can deliver their impact on a national scale.

At a time when our operating environment continues to undergo change I hope this research helps contribute to the debate about what is the fundamental purpose of housing associations?

I hope you enjoy the report.

**Alan Ball**

**Chair and Entrepreneur**



## Executive Summary



1. This report estimates the economic impact of the housing, retail, financial inclusion and employment programmes operated by Weaver Vale Housing Trust in 2014/15. The findings have been generated by face to face interviews with staff, a telephone survey of businesses using retail units provided by the Trust and a literature search which identified the appropriate economic framework to use to estimate the employment and expenditure impact of housing associations operating in the north of England.
2. Weaver Vale is located in an area of high house prices and comparatively high levels of economic activity and employment. However, most of its homes are located in the urban areas of Northwich and Winsford, and these areas exhibit many of the issues faced by much larger towns and cities in the north of England which have struggled to adjust from an economy based on manufacturing to one based upon services.
3. Against this background the Trust is targeting its investment and organisational **capacity to improve the performance of the local economy** through increasing economic activity and employment in local communities. This approach is captured in the organisations 2020 Vision which seeks to invest in *“Transforming neighbourhoods, homes and services to improve the quality of life for our customers”*
4. The Trust directly employs 316 full time equivalent employees and had a staffing, maintenance and construction budget of £28.6 million in 2014/15. Taking account of the impact on the local supply chain and the increased income from employment relating to this expenditure a further 622 jobs were estimated to be supported within a 25 mile radius of the Trust Head Office, giving a total employment impact of 938 full time jobs from £59 million of expenditure generated in the local economy by housing investment.
5. Weaver Vale Housing Trust owns and manages 35 retail units which directly support 134 full and part time jobs from a direct expenditure estimated to be in the region of £3.5 million.
6. During 2014/15 the Trust provided employment and training support to 180 tenants and staff. This activity if it’s developed as a long term programme will provide a valuable support to an economy which, at the local authority level, is operating at full employment and will **need to expand the pool of economically active people** in the medium to long term.



7. By comparing the rent paid by housing association tenants with those paid for by the Local Housing Allowance in the private rented sector, a social housing dividend net of Housing Benefit payments by Government of £4.3 million is enjoyed by tenants. Around £1.3 million of this dividend is additional to the local economy when account is taken of the expenditure which would occur locally if private landlords owned the stock and charged market rents. Additionally the financial inclusion function operated by The Trust produced £1 million of additional income for tenants net of Housing Benefit rebate. This additional £2.4 million of expenditure supported an estimated 62 full time jobs in the local economy.
8. In total the **estimated employment impact of the Trusts activities in 2014/15 was 1046 full time equivalent jobs and 88 part time employees** which were supported by around £65 million of identifiable expenditure stimulated by the housing and regeneration activity of the Trust.
9. The evidence set out in this report suggests that the benefits of employment generation, training programmes and housing expenditure are spread across a geography which is largely focused within a 25 mile radius of the Weaver Vale Housing Trust HQ. However the majority of the direct employment and training benefits are focused on the urban centres of Northwich and Winsford with a close correlation to neighbourhoods which experience difficulties in relation to worklessness and social and economic disadvantage. The economic impact of the Trusts housing and regeneration activity are therefore felt both at a neighbourhood and a sub regional level.
10. The Trust has created the equivalent of one job for every six homes the Trust owns.



**11.** There are important public policy implications which emerge when considering how place based housing associations can contribute to national and local government agendas. It is clear that in an era of public sector reform and austerity the intervention work conducted by the Trust across a range of social and economic issues generates national and local public expenditure savings as well as contributing to social cohesion and economic activity. The importance of anchor institutions and enduring local partnerships are clear in an era where the success of locally devised and financed strategies have replaced national regeneration programmes. Additionally looking forward the changing frameworks for public expenditure and welfare mean that it will be business critical for place based social housing agencies to engage with an agenda which focuses on local economic development and regeneration. The Value for Money Framework being developed by the Homes and Communities Agency should therefore be expanded to take account of the local economic impact of social housing investment and regeneration programmes and utilise tools such the Social Return on Investment in conjunction with the current focus on housing management and physical assets.

These findings should be read in conjunction with the estimate of the social impact and value assessment of the Trusts floating tenancy support.

This will give the reader a full overview of the support provided to tenants to combat social and economic disadvantage and promote health and well being, please see [www.wvht.co.uk](http://www.wvht.co.uk)



## Structure of the Report



The structure of the report broadly follows the three stages set out above. Section Two sets out the social and economic challenges faced by Weaver Vale Housing Trust and its tenants. Section Three identifies the scope of the activities undertaken by The Trust during 2014/15.

Section Four estimates the employment and economic impact of housing investment and activity, and Section Five concludes with an assessment of the importance of Housing Associations sustaining a broad approach to social and economic investment going forward.



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## 1. An Introduction



The Weaver Vale Housing Trust (The Trust) is a housing association which is community focused and place based, being located primarily in the Winsford and Northwich areas of the Cheshire West and Chester Local Authority. The Local Authority area as a whole has a relatively strong economy with a higher than regional average level of economic activity (76.7%) and employment (74%). The employment rate is 5% higher than the regional average. These averages mask considerable intra district inequality in terms of incomes, employment and social and economic deprivation. Both Winsford and Northwich have significant issues relating to economic development, and neighbourhoods which suffer levels of social and economic disadvantage usually associated with larger urban areas.

In response to the needs of the local communities it serves, The Trust has an established programme of housing, social and economic investment which is designed to address social disadvantage and generate public sector expenditure savings and support the local economy. This commitment to address the most acute outcomes arising from social and economic inequality underpins the Trusts Corporate Plan and is reflected in its 2020 Vision which is focused upon “Transforming neighbourhoods, homes and services to improve the quality of life for our customers”. Much of the recent intervention and support activity has been subject to analysis which has estimated the costs and benefits of environmental, social and economic programmes. A social impact and value methodology which sought to estimate the value to a range of public sector agencies and individuals which arise from The Trusts interventions was deployed in 2013 and found that:

**The floating tenancy support service saved the public sector £2.4 million giving a ratio of a £5.79 return for every £1 invested by the Trust;**

**The interventions reduced health costs by nearly £800,000**

**Savings in relation to homelessness was estimated to be £873,000.**

This report builds on this work and provides a framework to estimate the economic impact of all of The Trusts expenditure in the locality as well as identifying wider monetary and employment spin offs for the wider Cheshire area. This report provides data and spatial analysis which could be useful in facilitating a discussion with local partners and national agencies about the contribution that housing associations are making to economic growth as well as helping communities to adjust in an era of austerity.





The immediate context for this discussion is an intensification of austerity measures, a renewed focus in public policy on economic growth and personal independence, and conversely a reduction in state support to those who are without work.

As central Government has reduced redistributive financial support to places which are relatively disadvantaged, the emphasis of public policy has shifted towards the design and finance of locally based solutions. The Centre for Local Economic Strategies (Jackson, 2015) has highlighted the importance of anchor institutions such as Local Government, Universities and Housing Associations' in providing leadership, capacity and employment in their locality in this new era. Local procurement, a focus on reskilling and social support are all important components of this approach as agencies with a stake in the local economy attempt to rebalance supply and demand and forge a more resilient local economy. The contribution that The Trust makes to employment generation and supply side improvements has to be seen in this evolving policy space to understand its context and its strategic and operational importance looking forward.

These wider trends in public policy are also accompanied by a debate about social housing, its function and cost and benefits. The Housing Association sector has nationally posted an annual surplus of £2.4 billion in 2014/15, an increase in 118% over the last four years. This increase has been primarily driven by historically low interest rates and several years of healthy rental growth. Both of these factors are likely to be temporary as the market will eventually increase borrowing costs from the record low interest rate of the past six years of 0.5%.

Additionally, public policy is committed to reducing Housing Benefit expenditure and limiting future exposure to increases in welfare subsidy for housing through the application of a national cap on in work benefits and the abolition of rent convergence. Despite the question in relation to the durability of surpluses there has been adverse political comment about the value for money of the social housing sector on the basis that they have been able to generate substantial additional funds from their business in recent years. This negative view of surplus generation shows little recognition that housing investment and the reinvestment of surpluses in house building and economic activity provide a considerable stimulus to local economies and hard to reach groups, as this report will demonstrate.



## 2. Housing Characteristics and Social and Economic Profile



The area covered by The Trust has a history of social and economic development which is distinct from the rest of Cheshire West and Chester. The area was shaped by the industrial revolution and later by the decentralisation of population from areas experiencing redevelopment in Merseyside and Greater Manchester to the north.

A strong internal economy has subsequently developed across large parts of Cheshire East and West and this has supported the growth of local employment and incomes especially in the service sector. This internal growth has in turn been complemented by affluent outward migration from the conurbations as professional households have sought to enjoy the relatively high quality of life in the wider Cheshire area.

There are however clusters of deprived neighbourhoods in the areas managed by the Weaver Vale Housing Trust which have been bypassed by the comparative affluence which surrounds them. These areas are still struggling to overcome the legacy of deindustrialisation and economic restructuring despite experiencing a 35 year transition period from a manufacturing economy to one dominated by services.

### The Local House Prices

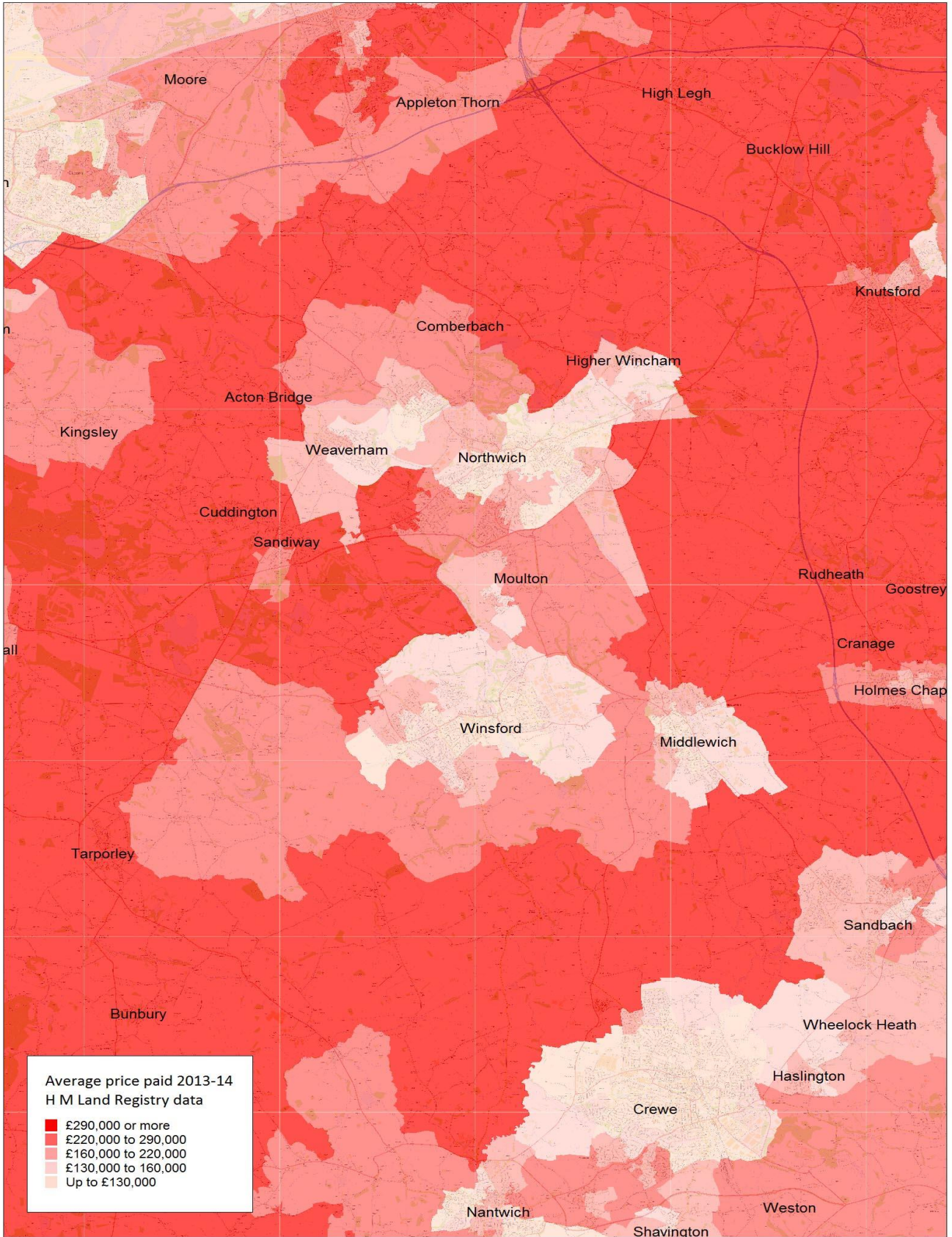
The disparities in income and wealth which have been generated by the processes of change set out above are starkly illustrated by the pattern of local house prices which have resulted from differential migration and growth.

**Map 1 on page 11** illustrates the structure of local house prices illustrated by the quintile in which they are located at the national level. This map shows a sharp disparity between the urban centres of Winsford and Northwich which have neighbourhoods in the lowest 20% of values while much of its surrounding hinterland is located in the highest 20%.

**Map 2 on page 12** expresses this disparity in a different way, by aggregating all national house sales since the beginning of the century it has been possible to assign Local Super Output Areas (LSOAs) to a market segment relating to the performance of house prices.

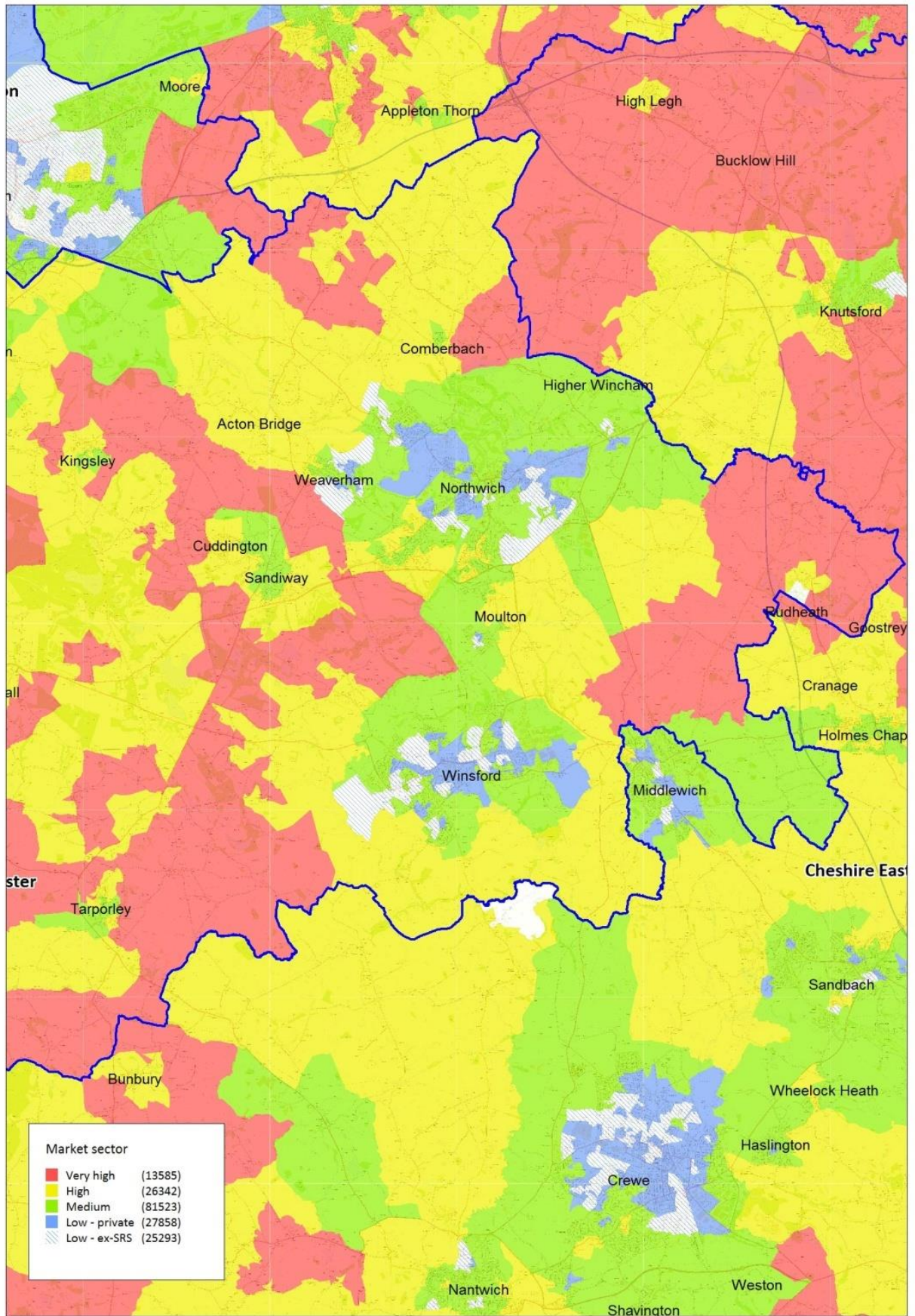
The areas highlighted in pink are high value neighbourhoods which have characteristics similar to the South East of England. The areas in blue are private sector areas which are in the poorest performing areas nationally, whilst the white areas are dominated by social housing with similar low values.





**Map 1**





Map 2



These low value areas predominate across ex industrial areas of the north and midlands, whilst the highest value areas are unusual in the north with only the interface between North and West Yorkshire having similar characteristics to Cheshire.

**There are therefore few areas of northern England which are as polarised as this part of Cheshire in housing market terms.**

The structure of house prices in the Weaver Valley and the surrounding areas has implications for housing and economic policy. Affordable housing is essential to support a local economy which has a large tourism and retail sector which pay wages below the regional average. Additionally the structure of prices provides a disincentive for inward migration of young people. This is reflected in the demographic profile of Chester West and Cheshire, where outside of Chester with its growing student population, younger age groups are under represented. This age profile is a significant factor in relation to the growth of the local economy.

Cheshire West and Chester has an unemployment rate of 5%, a rate which is generally accepted to be near full employment in the UK context. Any further expansion of employment would therefore be dependent upon inward migration *or* expanding the labour supply from the existing population by reducing economic inactivity.

**Locally 3,800 people who are currently inactive want to work; if these residents were reintegrated into the local economy then this is roughly equivalent to an expansion of 5% in the current labour force.**

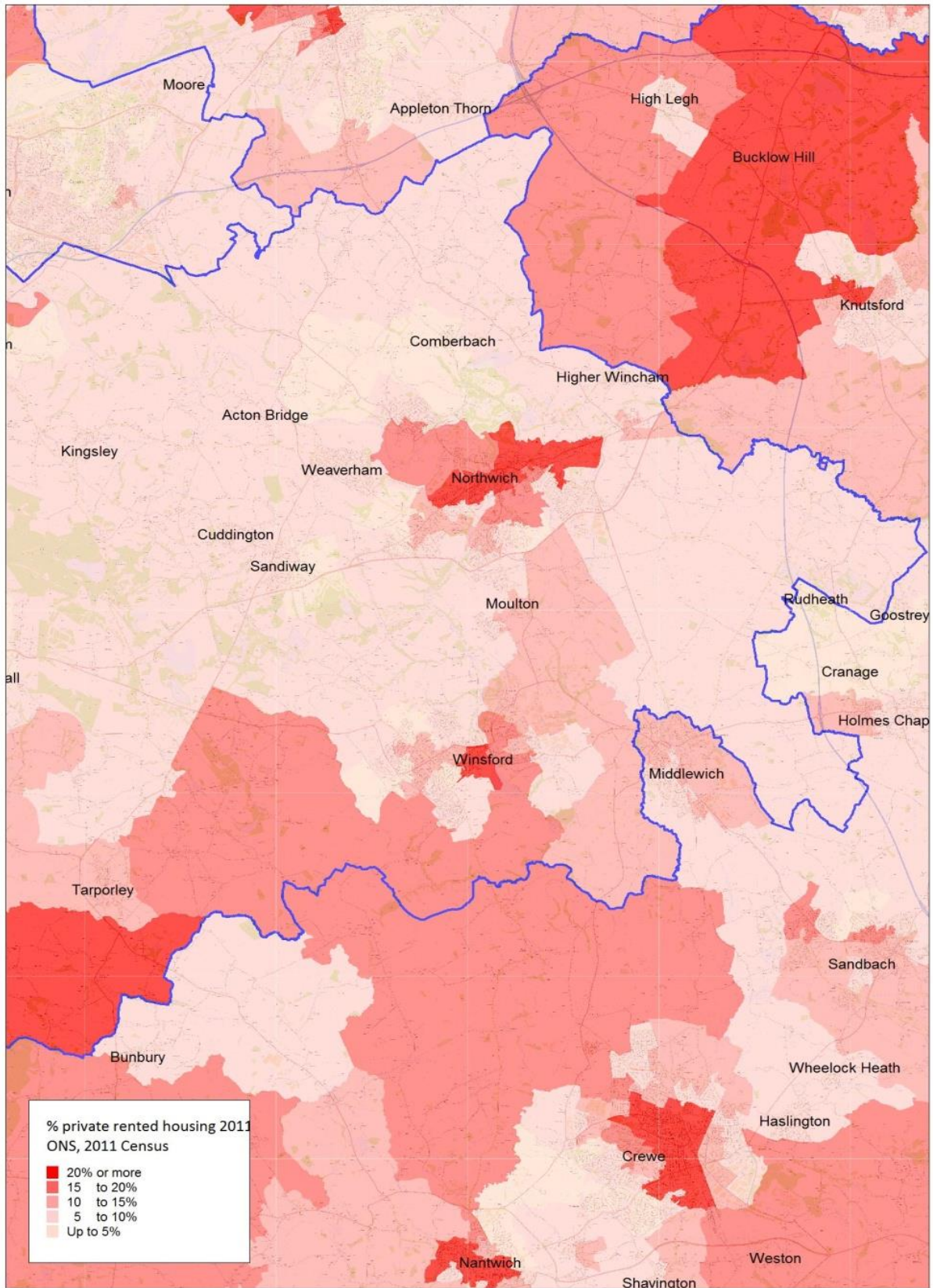
### **The Local Housing Market**

There is relationship between economic inactivity and concentrations of social housing and this is set out in more detail on the maps on page.. and page ...

**Map 3 & 4 on pages 14 & 15** highlight the concentrations of private renting and social housing in the area covered by Weaver Vale Housing Trust illustrating a clear relationship between low value neighbourhoods and concentrations of privately rented housing.

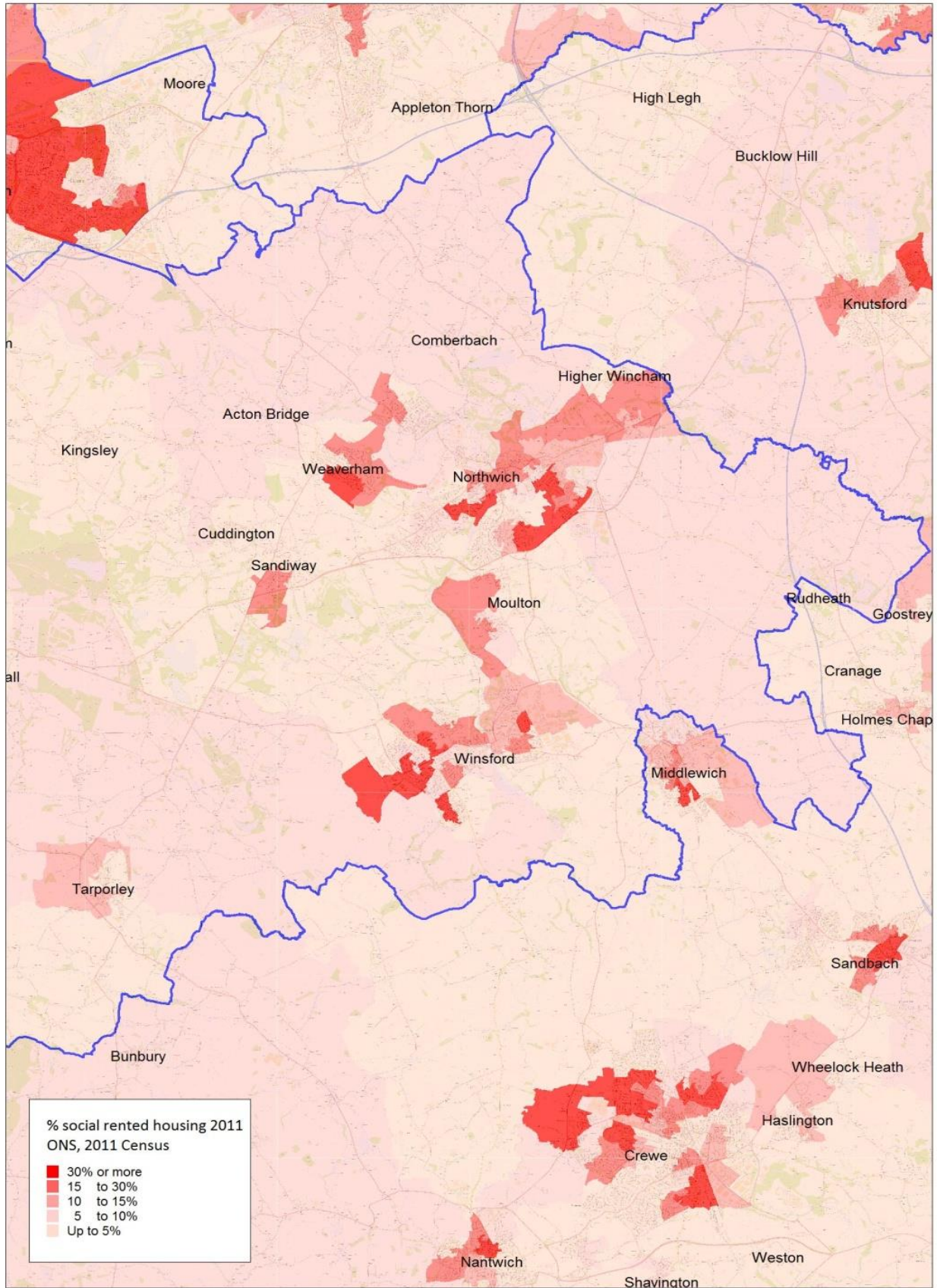
There is a slightly more balanced portfolio in the social sector reflecting the legacy of council house building in semi rural areas.





**Map 3**





**Map 4**



**Map 5 on page 17** reveals high concentrations of people claiming out of work benefits in both Northwich and Winsford, where in parts of the town claimant rates exceed 30%. There is a strong spatial link between social housing concentrations and worklessness. With a correlation of .91 See Table 2 below

**Table 1;** social housing sector tenants entitled to Housing Benefit, 2008 and 2014 (figures for 2008 are unavailable for Weaver Vale Housing Trust)

	Wholly dependent	Party dependent	No benefits
2008 CWAC	57%	13%	30%
2014 CWAC	55%	24%	21%
2014 Weaver Vale	43%	36%	21%

**Table 2;** correlation between % working age population receiving out of work benefits and tenure.

	% of households in SRS at LSOA level		% of households in PRS at LSOA level	
	2008	2013	2008	2013
CWAC	0.924	0.911	-0.069	-0.011

Evidence suggests that even when rates of economic participation have increased, as they have during the recovery of the economy since the 2008 recession, then this has been accompanied by an increase in demand for Housing Benefit as wages have been depressed by low productivity rates which have been associated with employment growth.

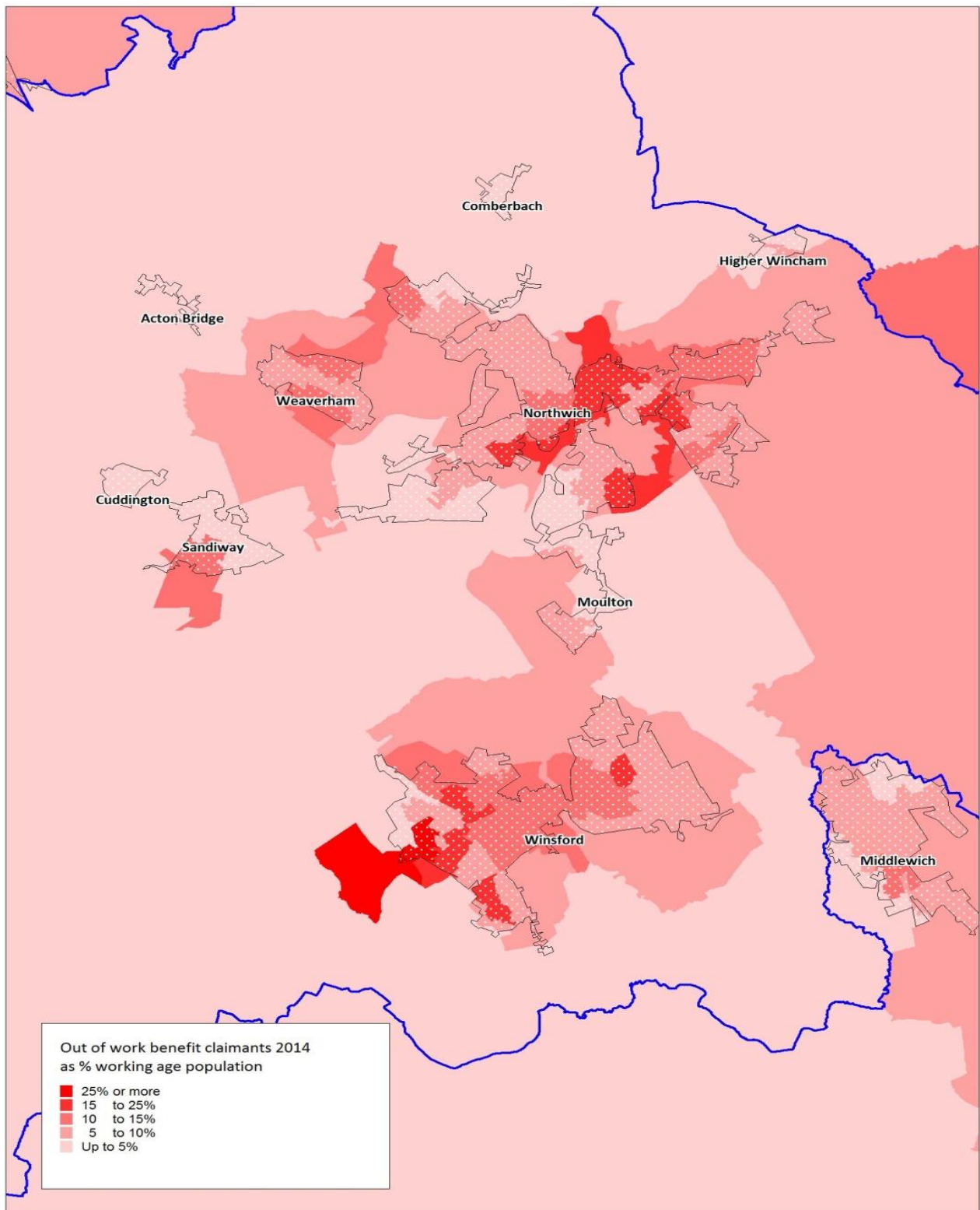
Neighbourhoods which exhibit high concentrations of unemployment and worklessness frequently also suffer from multifaceted deprivation.

Across Cheshire West and Chester dependence on Housing Benefit has increased by 9% to 79% during the recovery from recession, this reflecting the lower wages being paid in parts of the new economy.



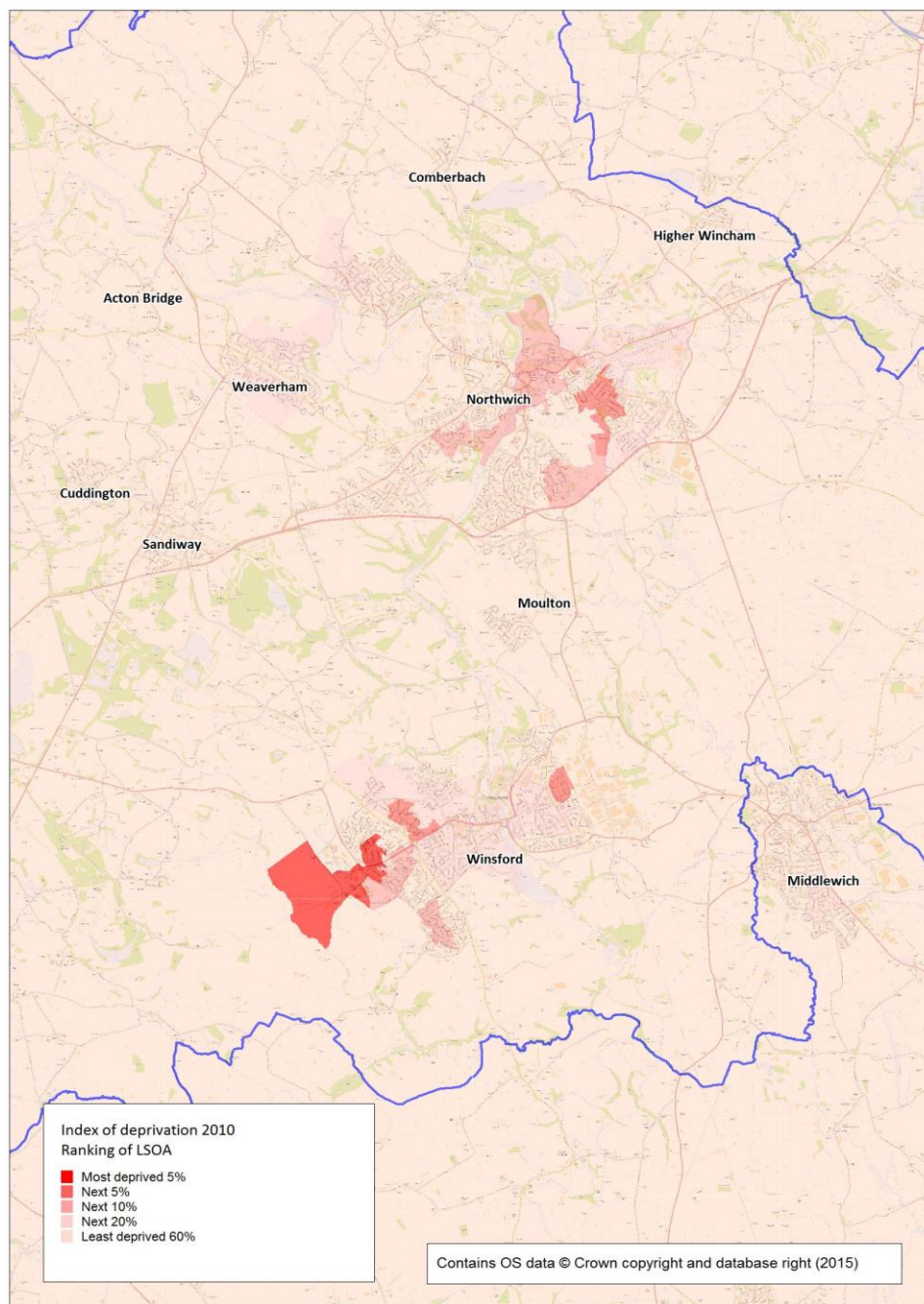


Map 5



This is also the case locally where the Index of Multiple Deprivation produced by Central Government shows neighbourhoods in Northwich which are located in the poorest 10% of areas nationally.

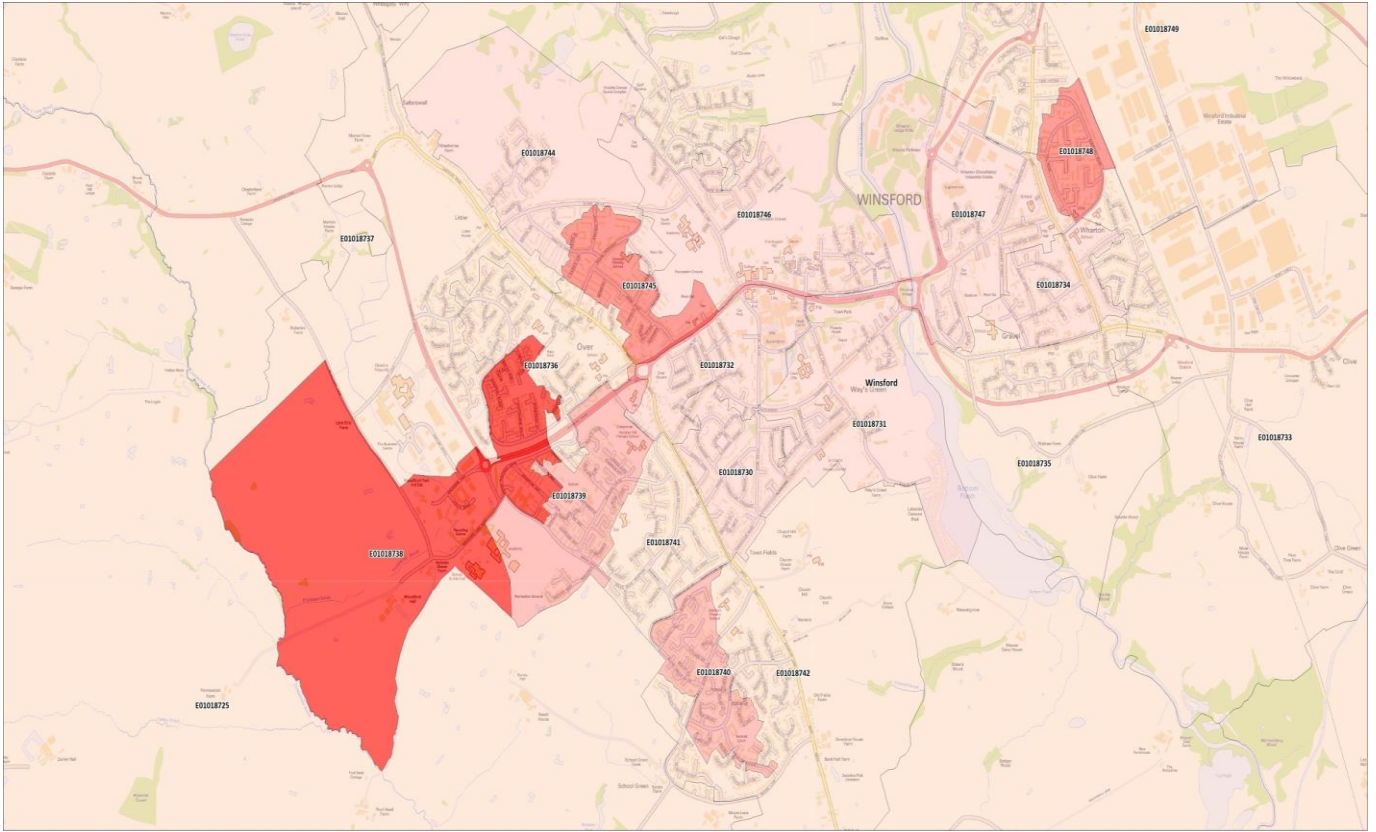
**Map 6** below shows 2010 Index of Deprivation



While in Winsford there are neighbourhoods in the worst 5% in respect of overall social and economic performance.

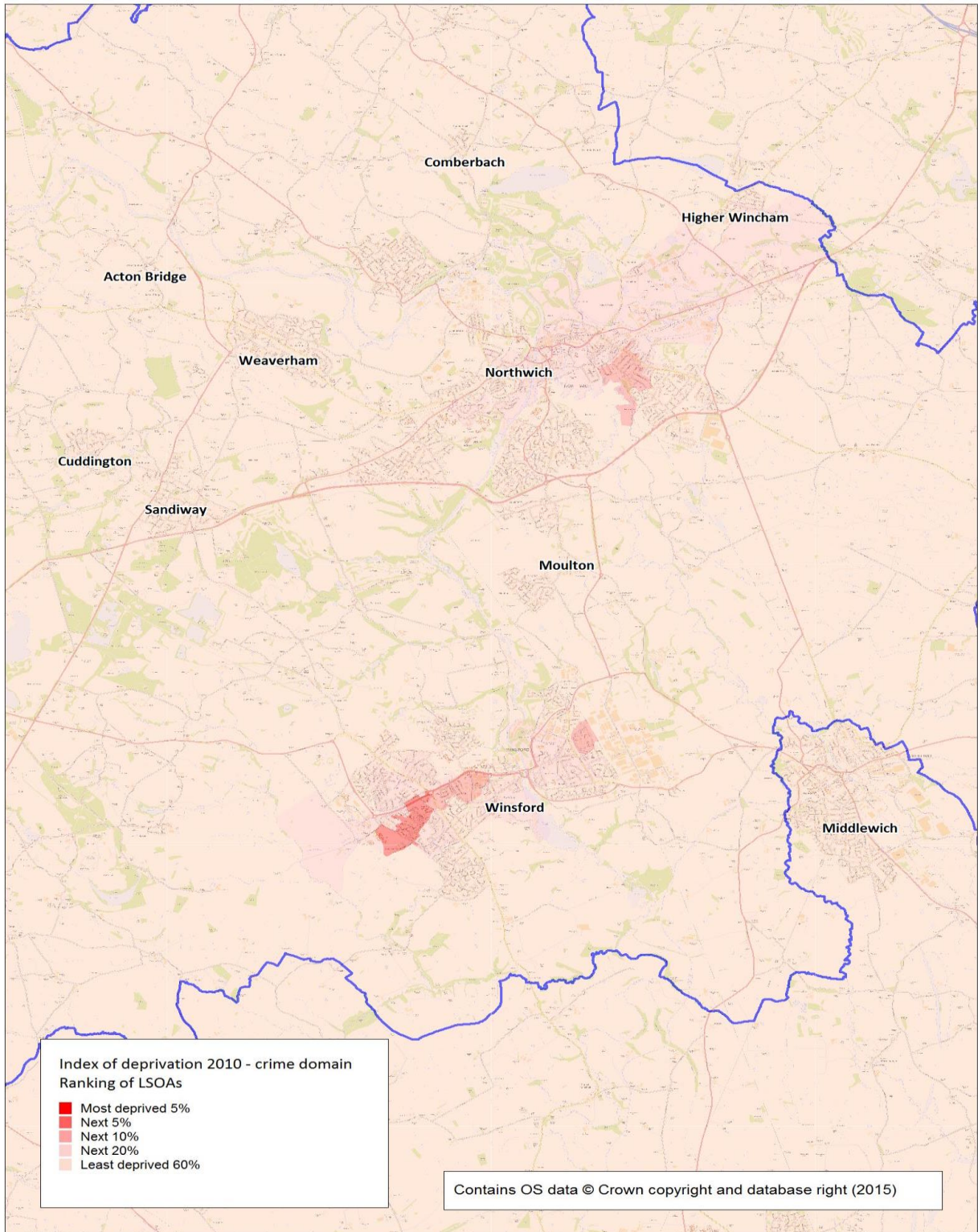
**Map 7 on page 20** shows the concentrated deprivation in Winsford being especially severe. And while these neighbourhoods perform poorly in respect of crime and health (**Map 8 page 21 and Map 9 page 22**).





**Map 7**



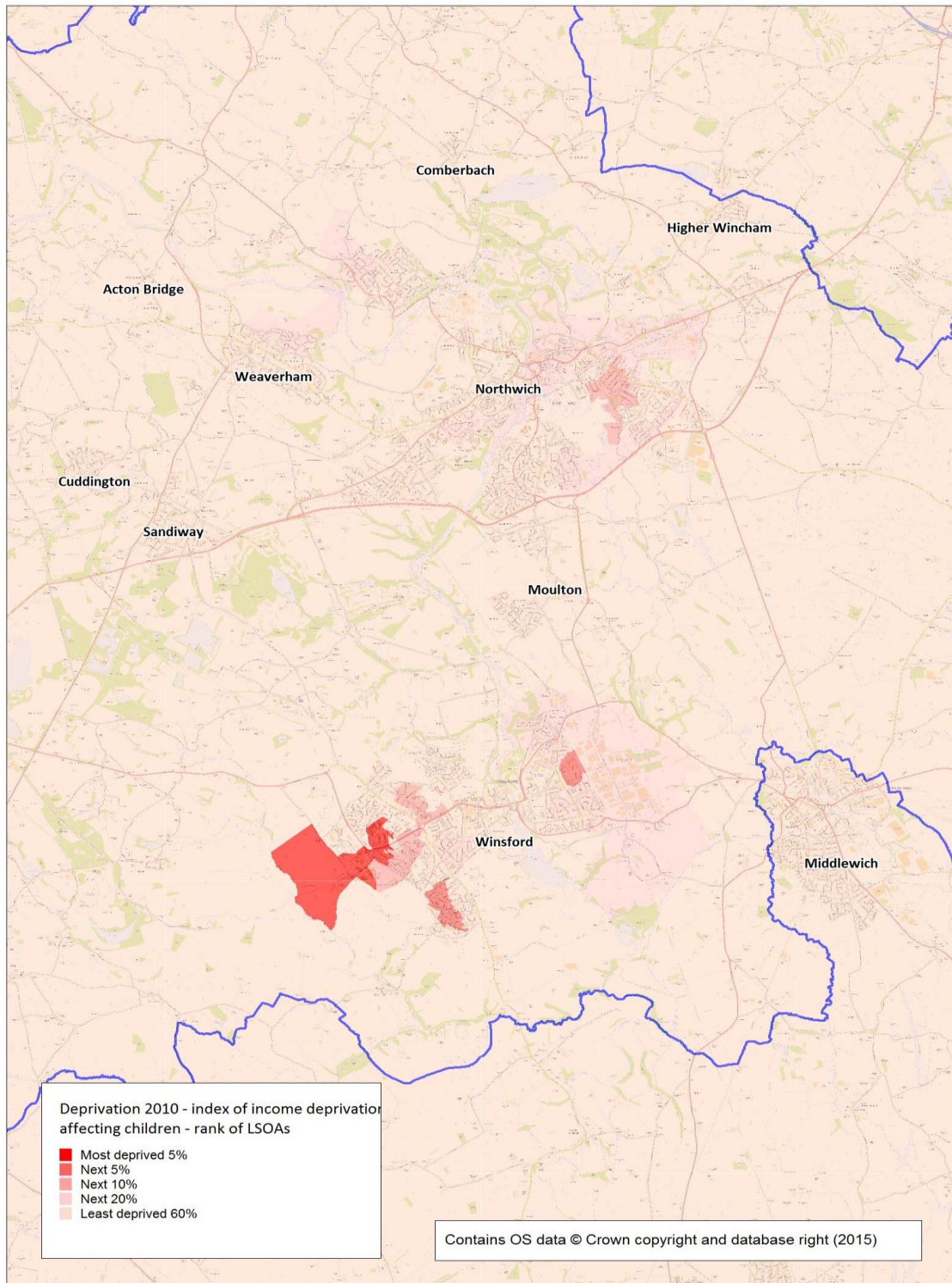


**Map 8**

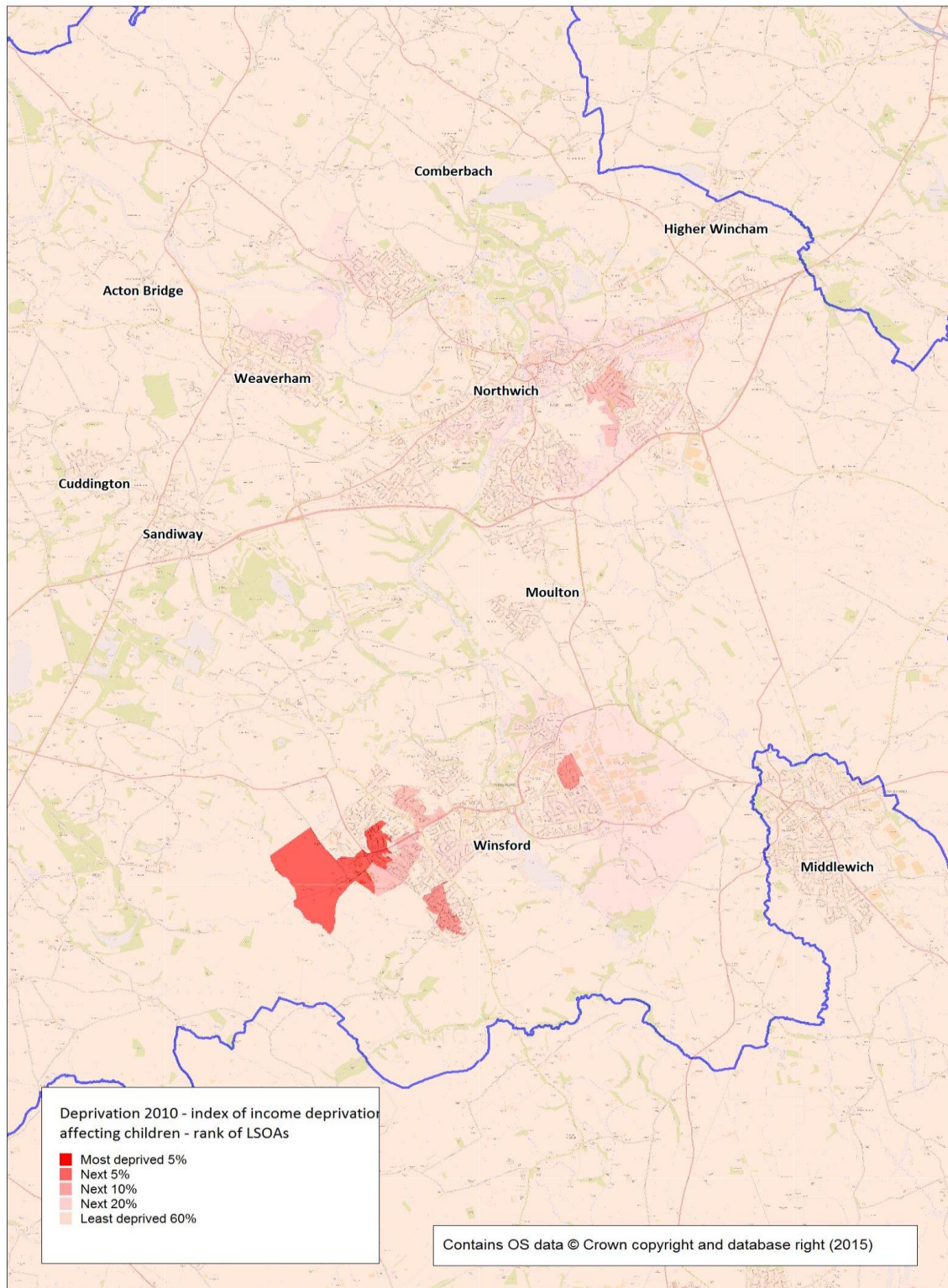
Strategies which increase economic activity and raise household income are therefore critical to addressing the worse concentrations of deprivation in the part of west Cheshire.



**Map 9** below shows the concentration of children affected by income deprivation which partly explains its high overall deprivation ranking.



**Map 10** below shows the concentration of children affected by income deprivation which partly explains its high overall deprivation ranking.



## Summary

Despite the general affluence of Cheshire, the area contains communities and local economies which have struggled to adapt to economic change over the last three decades.

The Weaver Vale Housing Trust housing stock is disproportionately located in communities which have high rates of worklessness and judged by official measurements of deprivation; tend to be in the poorest 20% of neighbourhoods at the national level.

This has historically proven to be challenging for the Trust as the area historically has secured little by way of government regeneration resources prior to the imposition of austerity because of the demands made on regional and national budgets by the Liverpool and Manchester conurbations.

The Trust has in response played the role of a critical anchor institution in neighbourhoods where it holds substantial assets and has adjusted its interventions and investment accordingly.

In conclusion the most consistent regeneration presence in disadvantaged neighbourhoods in Weaver Vale's area has been the Trust, which has evolved an investment approach seeking to maximise local incomes through targeted heating and insulation initiatives, providing employment and training opportunities for local people creating local employment through direct employment provision and contracting with companies which have a strong local connection.

The next section of this report sets out in more detail the scope of the organisations investment and its economic impact.





### 3. Weaver Vale Housing Trust: Scoping Housing Expenditure and Economic Impact



The Trust owns and manages around 6,200 properties and had an annual budget of approximately £28.6m in 2014/15 which included the cost of staffing, business overheads, repairs and maintenance expenditure and the cost of new development. The direct expenditure of the Trust employs 316 full time equivalent employees. The estimate of the direct and indirect employment and expenditure impacts of this financial outlay is set out in the next section of the report. In addition to the housing portfolio the Trust also owns and leases 35 neighbourhood based shops of which two were vacant at the time of writing, this compares favourably with the North West regional average of 18% (Local Data Company 2015).

**These shops also provide a direct employment impact and this was quantified through a telephone survey which identified a further 134 full and part time jobs.**

Of the 6200 homes in management 1,986 are provided specifically for older residents. The profile of tenancies is therefore skewed towards elderly provision, when account is taken of the pensioner householders in the general needs stock. Nationally the elderly make up 30% of tenancies in the social sector while in The Trust this figure is around 50%.

This is an important contextual factor to note as it is reflected in the broad approach to regeneration, social care and investment taken by the organisation. There is a focus on tenancy support, income maximisation and heating/insulation as well as economic development and employment support.

The heating/insulation and cladding work involved the installation of energy efficiency measures in 452 properties in 2014/15. This has provided residents with a choice to increase their consumption of energy / heating or to use the savings arising from the insulation programme to redirect money to other priorities.

The Trust also employs a financial inclusion team which has secured in excess of £1.2 million for 580 tenants in 2014/15 who were having difficulty securing their entitlement to welfare payments and/or struggling with debt or fuel bills. The package of interventions therefore reflects the needs of the various types of low income households who occupy the stock.



The impact of these investment and financial inclusion activities which are primarily addressing issues associated with income poverty, social disadvantage and Health and Wellbeing need to be assessed in conjunction with the work of the assessment of tenancy support services (see *Social Impact and Value Report Floating Tenancy Support 2013*).

It is helpful to distinguish between initiatives which are designed to improve the quality of life and address problems associated with disadvantage from measures which have a direct and indirect employment impact- although to understand the importance of The Trust as an anchor institution it is necessary to have an oversight of the scope and scale of both types of activity and the social and economic outcomes generated.



## 4. Measuring the Economic Impact of the Weaver Vale Housing Trust



There is no simple way to measure the economic impact of a multi-faceted organisation such as The Trust. This study has therefore applied a number of techniques to develop an iterative picture of how the different strands of activity and expenditure contribute to maximising income and employment in the locality. There are several stages of analysis which form the framework for the research which are listed below before:

- **Employment multipliers**- There is an established body of research which has estimated the employment multipliers associated with housing expenditure and following a literature review the most appropriate have been identified and applied to the expenditure of The Trust;
- **Telephone survey to estimate the employment impact of retail provision** - This survey provides an assessment of the direct employment impact which arises through the ownership and management of 35 shops by the Trust;
- **An assessment of the income impact arising from financial inclusion and social housing provision** - This focuses on the employment impact of activity which boosts the income of local residents leading to an indirect employment impact; and
- **Supply side support** - There are a number of initiatives which are designed to improve the skills base of local people which have an impact of improving the quality and availability of labour supply.

Each of these approaches set out in turn below

### Employment Multipliers

The economic impact of housing expenditure has been subject of debate at a national and an international level for decades. The analysis usually manifests itself at a national or sub national level using large data sets supported by analysis of contracts and associated expenditure to determine how investment ripples through a specific local economic geography. One such study was recently completed by Sheffield Hallam University (Dayson et al, 2013) and focused on the employment impact of housing expenditure across the North of England.



This research involved a survey of social landlords to assemble a data base of income and expenditure for the 1.2 million social housing homes which are distributed across the three northern regions. Furthermore detailed assessments of contracts were undertaken with seven organisations to determine the local impact of expenditure decisions. This enabled the researchers to conduct a multiplier analysis which focused on the measurement of:

- ***The direct or first order employment impacts of expenditure*** – This is the immediate employment impact which occurs when staff are employed directly or contracted to perform a specific function;
- ***The indirect supplier effect*** - which take account of the ripple effect which impacts upon the supply chain when goods and services are ordered to complete work;
- ***Indirect income induced effects*** - These occur as a result of the expenditure of employees as they consume goods and services from the income gained from employment.

In this comprehensive study of social housing expenditure the researchers were able to construct different multipliers for different segments of the sector covering retained council housing, ALMOs and Housing Associations. Housing Associations have a higher economic multiplier associated with their business largely because of the additional impact of new build activity.

In this study, the Housing Association multiplier impact was estimated to be 1.97 additional jobs for every 1 full time employee directly employed by this segment of the social housing sector. The Scottish Office (Monk et al, 2010) have also produced research which produces an employment multiplier of 1.9 while in Northern Ireland it has been estimated to be slightly lower at 1.7; there is however a relatively small margin of difference between the various studies.

Applying this analysis to the Trust, (as noted earlier) the organisation employs 316 full time equivalent employees and to further develop the analysis to include indirect supplier and induced income effects the multiplier of 1.97 is applied as per the Sheffield study and this provides an additional estimate of 622 jobs.

**The total direct and indirect impact of The Trust landlord functions is therefore in the region of 938 FTE jobs supported by £59 million of expenditure generated by housing investment.**



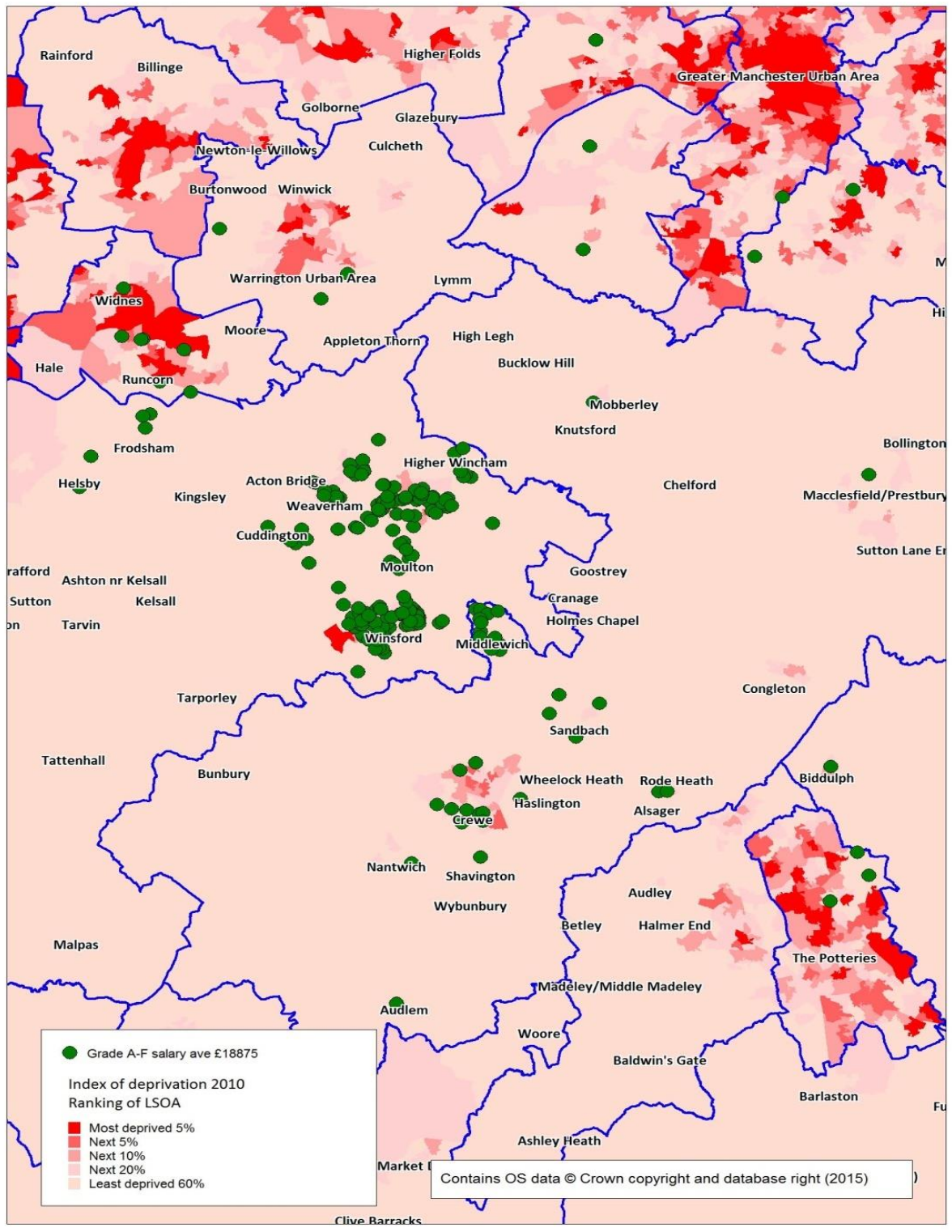
To arrive at this figure this study has incorporated the key assumptions of the Sheffield study. The assumption which most impacts upon the estimate of impact is the *rate of leakage of expenditure outside of the target geography*. In the case of the study of the north of England this was estimated at 19% after making deduction from gross expenditure for bad debts and depreciation.

To assess the validity of this assumption for Weaver Vale the residence of those directly employed by salary level have been mapped as have location of the head offices of construction and maintenance contractors.

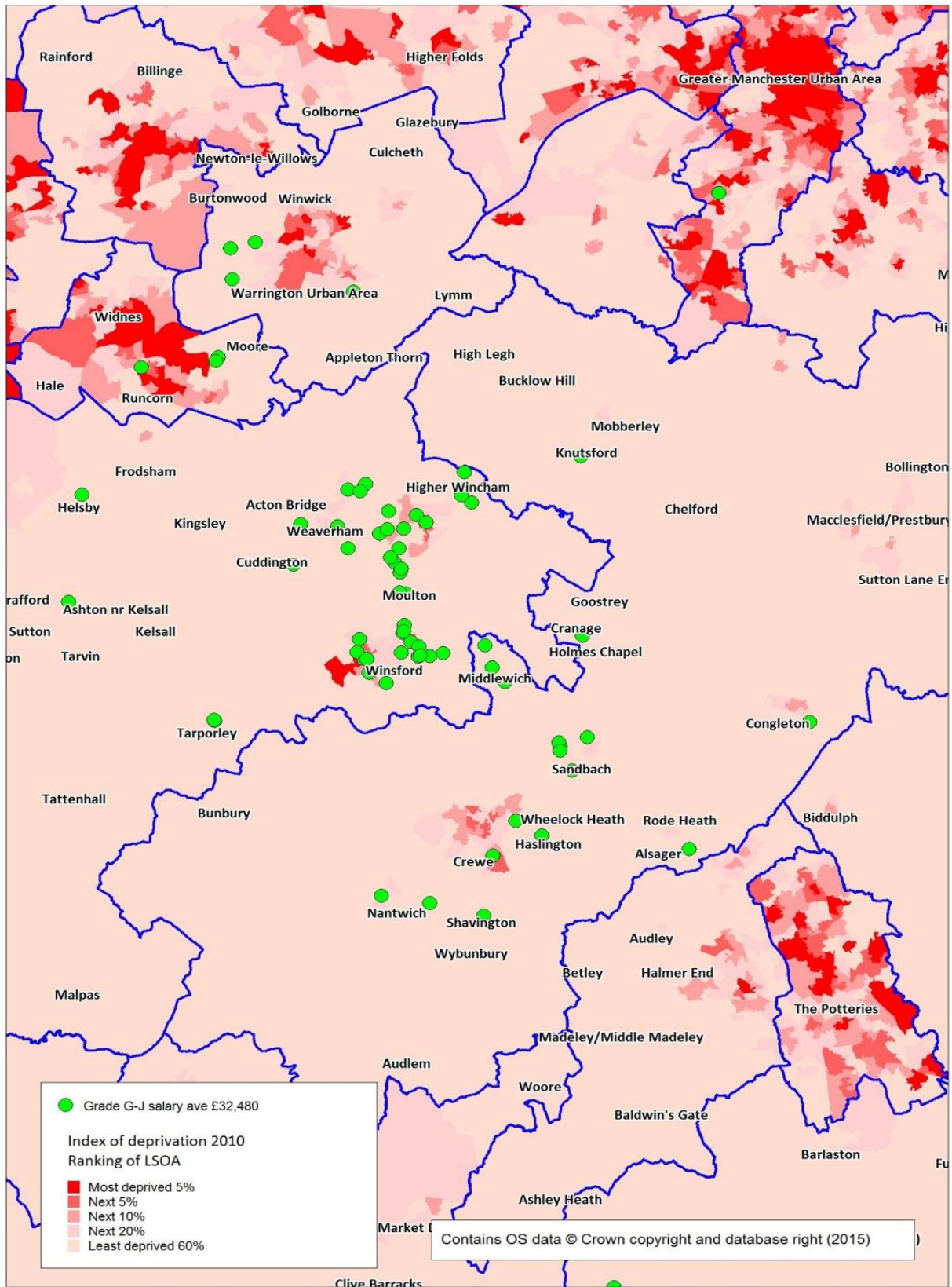
**Maps 11-13 (pages 30- 32)** show that all employees live within a 25 mile radius of the Trusts offices and that there is a striking concentration of employees who live in Northwich and Winsford, and this concentration only abates in the highest income bands where there is a larger travel to work pattern.



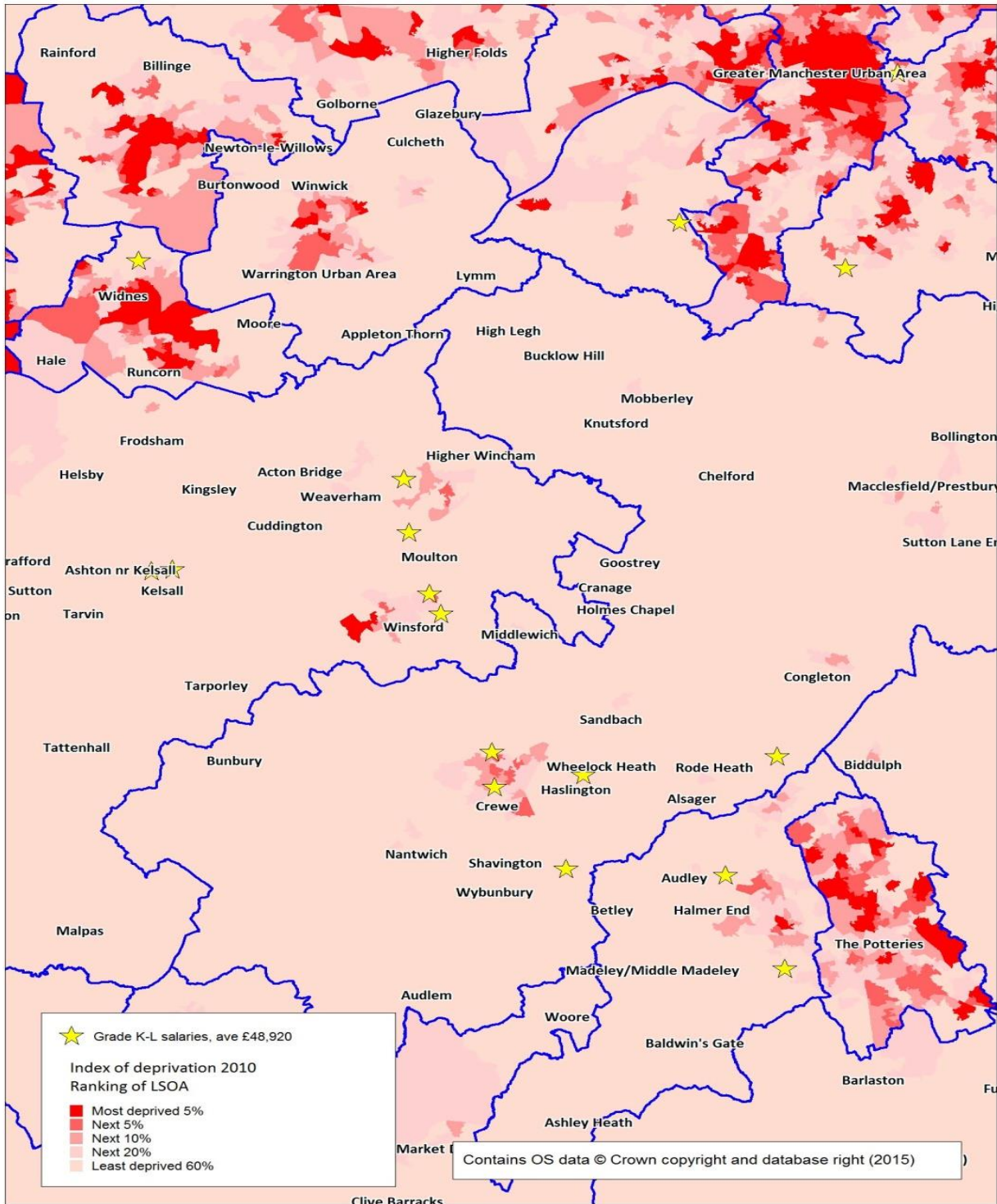
Map 11



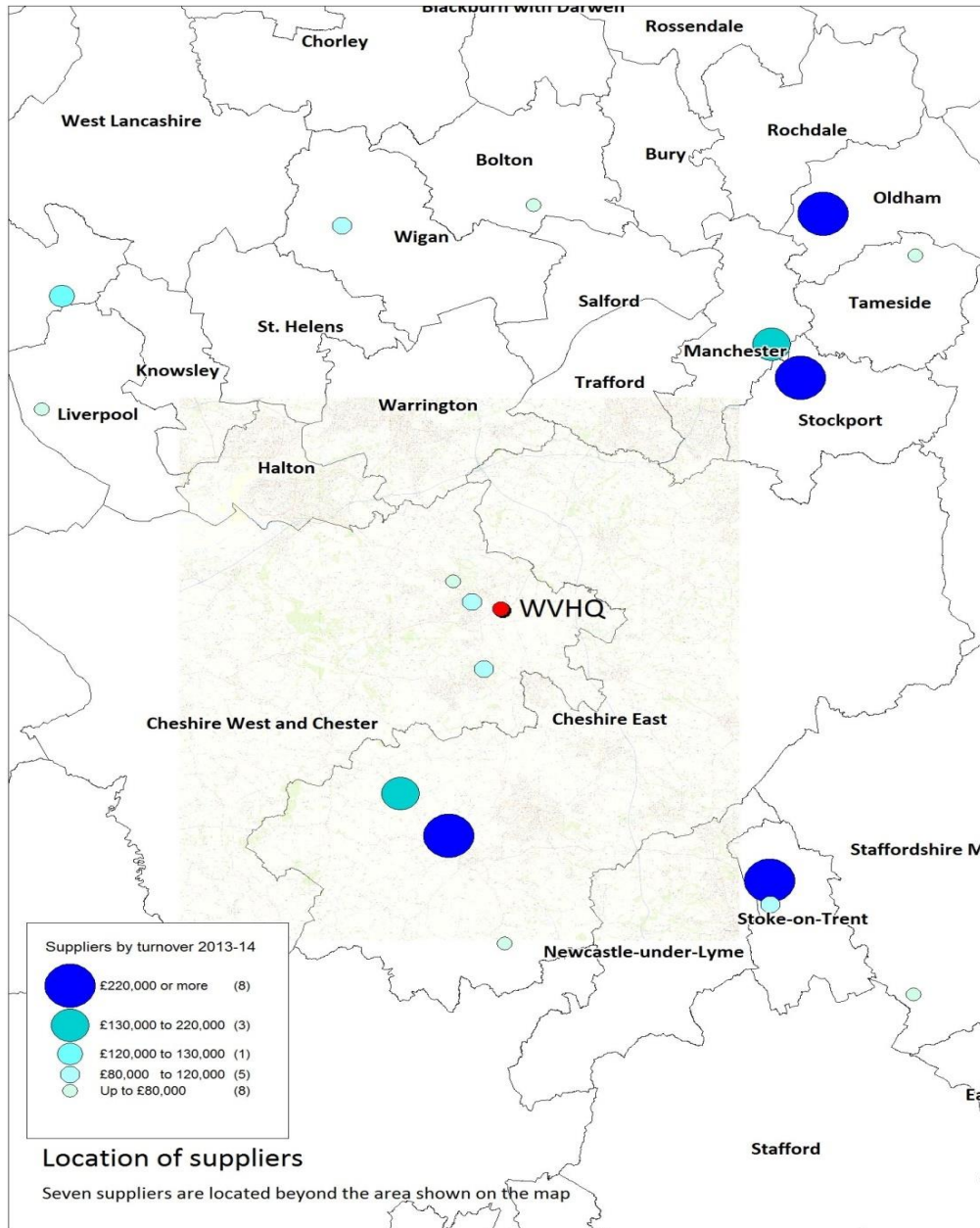
Map 12



Map 13







**Map 14 - Weaver Vale Housing Trust Suppliers by Turnover 2013/14**

A similar pattern emerges for contractors with all of the major employers having a head office within 25 miles of the Trusts HQ. Given the extent of local sourcing of contractors and the location of employees the leakage rate for expenditure of 19% which has been imported into this employment calculation broadly looks to be consistent with other evidence of impact used in this study and suggests a substantial sub regional and regional employment impact has been achieved.



## **Financial Inclusion, Income Maximisation and the “Social Housing Dividend”**

In addition to the impacts of housing expenditure and retail provision the Trust has an additional economic impact through its work on financial inclusion and heating and insulation work both of which provide support to local income levels which will predominantly be spent locally.

In respect of heating and insulation the aggregate savings do not in themselves produce significant enough revenue to produce a measurable employment impact. The reduced cost of consumption may also result in savings and spending on other items or it could lead to an increase in heating for the same cost. For these reasons relating to cash volume and uncertain consumer preferences this study has not attempted to quantify employment outcomes. Additionally when considering the gains arising from the financial inclusion work it is important not to double count expenditure.

The recovery of Housing Benefit to allow residents to pay their rent has been discounted for this reason as this money has been spent by the landlord as housing expenditure and has already been included in the calculation of direct and indirect employment impacts arising from the landlords housing activity. Net of Housing Benefit the financial inclusion service has raised an additional £1 million in revenue for tenants which given the low incomes of the recipients is likely to be spent predominantly within the locality on basics such as food and clothing.

Tenants of social housing enjoy a sub market rent by virtue of the historic subsidy which was provided to construct and maintain the sector over the last six decades. This social housing dividend can be estimated by subtracting social housing rents averaged by property size from the Local Housing Allowance limit for Housing Benefit which applies to similar sized property in the private rented sector.

This calculation produces an annual dividend of £9.9 million for The Trusts property.



This dividend is partly shared by the Treasury which funds 56% of housing costs, this leaving a gain to local residents of £4.35 million per annum. This is a considerable subsidy for low income tenants however it does not measure the additional expenditure in the local economy as local landlords would in the absence of social housing expropriate this value and spend the proceeds themselves.

Landlords however do not all live locally and research commissioned by Cheshire West and Chester local authority identified that a third of landlords lived outside of the local authority boundary (Leather et al.2011). The additional spend within the boundary could therefore be crudely measured at around £1.4 million per annum.

The financial inclusion redistribution and the net social housing dividend would when combined, increase local expenditure by £2.4 million. Analysis of increases in consumer expenditure and subsequent increases in employment derived from data produced by the Office of National Statistics and the Office of Budget Responsibility in 2014 suggests that 26 jobs are created for every £1 million of consumer spending.

The increase in employment generated by financial inclusion activity and the net social housing dividend is estimated therefore to be 62 FTE jobs. It was not possible to estimate the employment and expenditure multiplier for this activity as a local economic model which estimates multipliers generated by consumer expenditure has not been developed.

### **Employment Impact of Retail Provision**

The Trust owns and manages 35 shops of which two were vacant at the time of writing. A telephone survey was used to estimate the direct employment impact of providing this retail space. It was not possible to estimate the indirect impacts of the provision as the expenditure patterns of the outlets were not available. Twenty four retailers responded to the survey and 24 full time and 70 part time jobs were identified. Using local knowledge about the remainder of the retail outlets it is estimated that the total direct employment impact from the provision of retail units is 46 full time and 88 part time jobs or 134 in total supported by an estimated £3.5 million of direct expenditure. As noted above in respect of the social housing dividend, multipliers were not applied to the employment and expenditure estimates for consumer expenditure related to retail provision as a framework to do this reliably for the locality was not available. Additionally respondents to the telephone survey were generally not able to give a robust estimate of the average number of hours worked by part time staff so the figures have not been converted to full time equivalent posts for this area of Trust activity.

Generally therefore the estimates for retail provision, financial inclusion and the social housing dividend are likely to under estimate the employment impact as only the direct impacts has been calculated

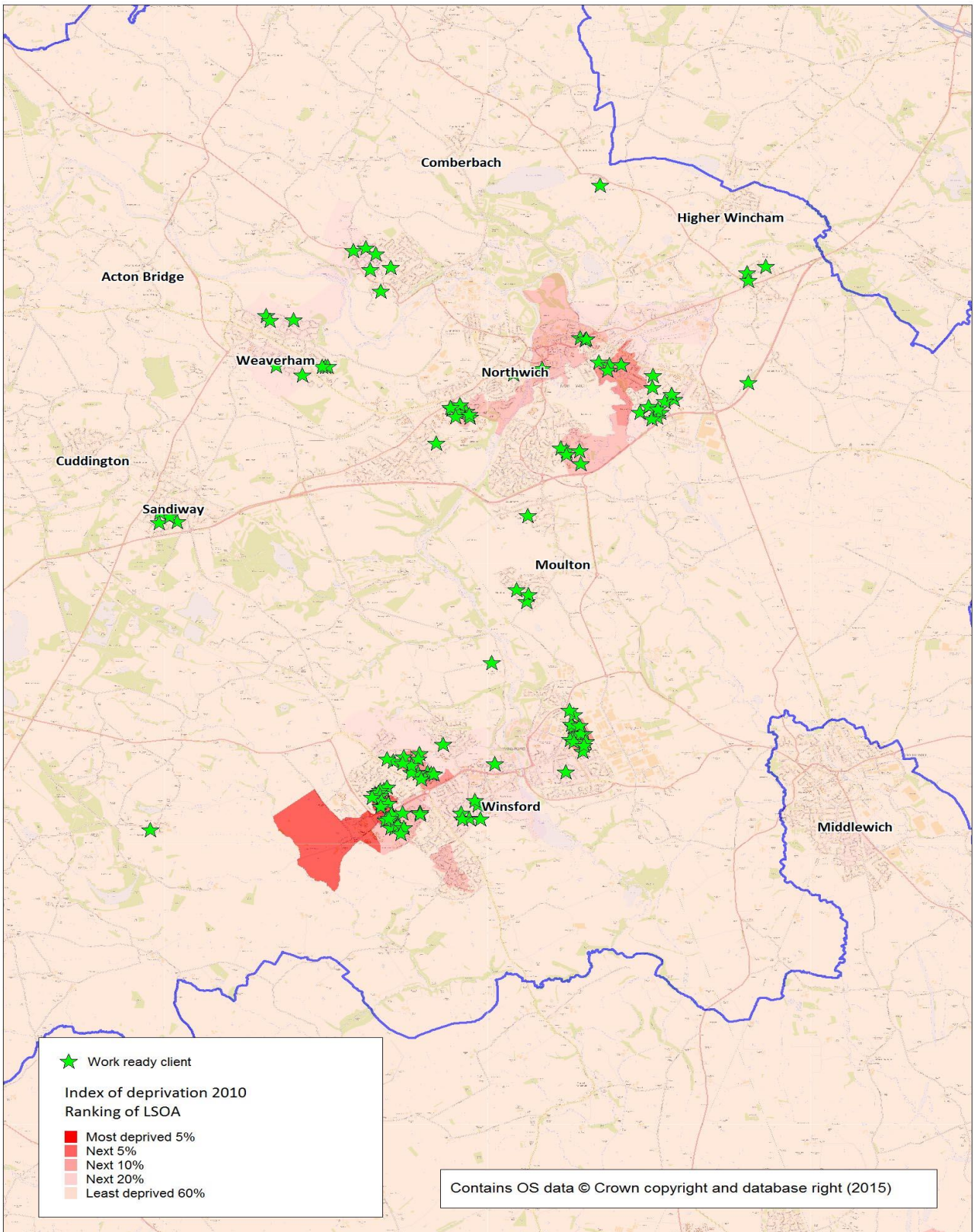


## Employment Supply Side Support

In partnership with other public sector agencies The Trust has been working intensively and exclusively with people who live in their stock and have experienced difficulty in entering the labour market due to a combination of economic and social reasons. The advice and support offered involves a five stage process where the aim is to build confidence, competence in job search, interview skills and marketing techniques. In 2014/15 81 participants had found work and a further 67 were “work ready” following completion of the programme. The maps on pages 37 & 38 highlight the place of residence of those who have been supported to find work and this shows the tenants who have benefited in both rural and urban areas reflecting the distribution of the Trusts property. However, there is a greater concentration of those who have received support in the Winsford area, this being consistent with the higher level of need in this part of west Cheshire.

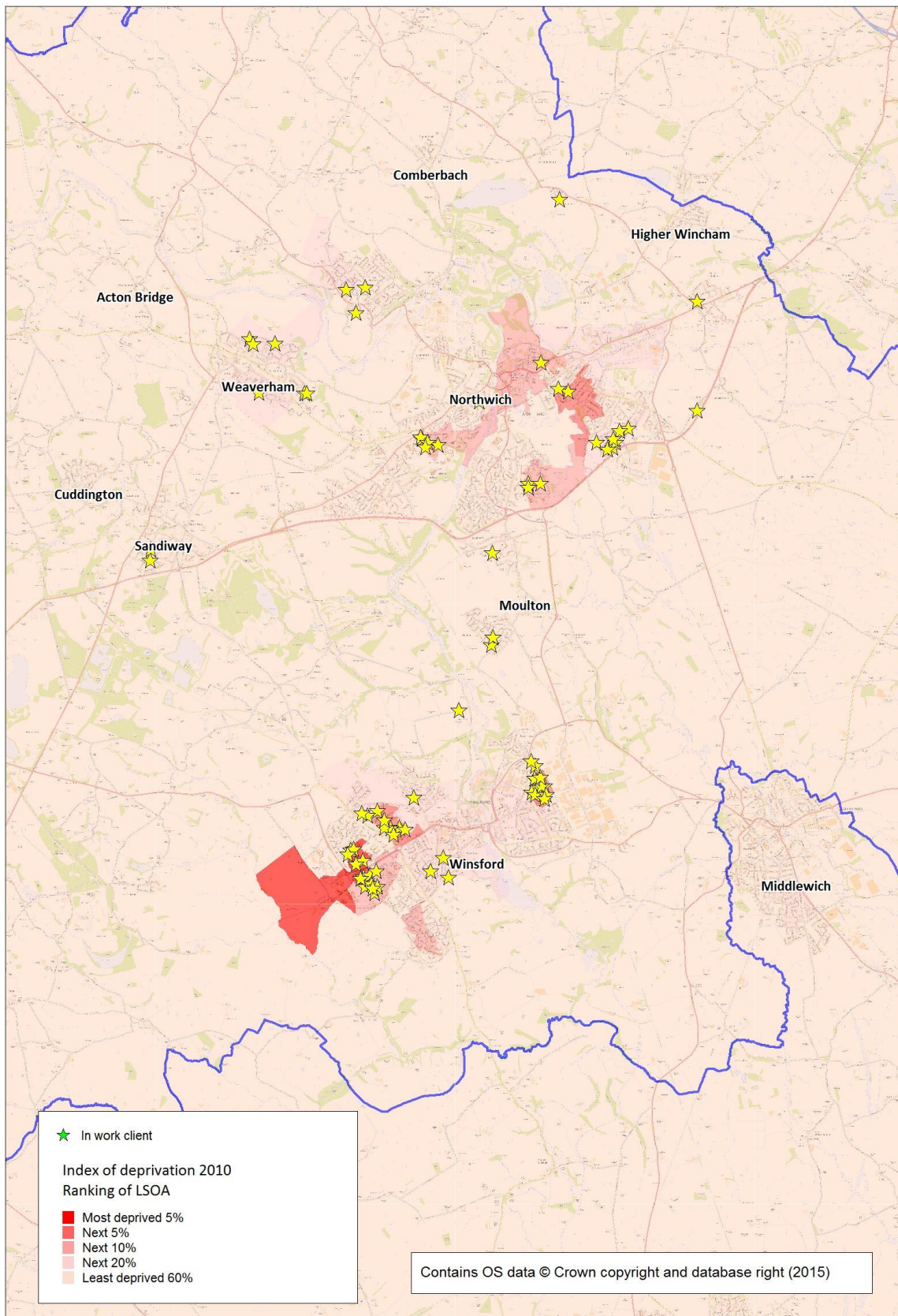
If the internal training programmes of The Trust is also considered which provided support to 23 apprenticeships and 9 management training programmes then in total 180 workers were supported in skills development and employment over the year.





**Map 15**





Map 16



## Regeneration and Economic Impact: The Value for Money Dimension

The debate about what constitutes Value for Money (VFM) for the Social Housing Sector is an area of housing policy which is likely to be contested in the next few years. The Homes and Communities Agency is currently developing with the sector, an approach which is highly focused upon housing management, asset management and measurements of return on investment. The development of a national approach which is embedded in the regulatory framework implicitly assumes that it is the aims of central government which predominate when Economy, Efficiency and Effectiveness are measured. Currently the Homes and Communities Agency has not given any significant weight to regeneration or economic impact when assessing VFM.

This produces a difficult dilemma for place based social housing agencies whose *raison d'être* is to ensure that disadvantaged communities recover and thrive in a holistic sense (see Nevin ,2015). A meaningful VFM analysis for Weaver Vale would therefore look to demonstrate its impact on local as well as national stakeholders and by its very nature would have a different emphasis to a VFM statement that sought to only comply with regulatory requirements.

The reality of the current situation is that the housing association sector is going to have to accept that in the short term the VFM framework will be designed by central government in an unequal partnership with social housing agencies.

The Homes and Communities Agency are however committed to engagement about the future development of the framework and still open to suggestions as to how the approach can be made more effective going forward.



## Going Forward

The impending introduction of Universal Credit and further welfare expenditure reductions suggest that in future employment and training provision by anchor institutions like the Trust will be a critical support to local communities which have experienced difficulty in entering the labour market in the past.

The recalibration of the welfare system in favour of a presumption in favour of working , with severe sanctions applied to welfare entitlement held in reserve to enforce compliance, suggests that that it business critical rather than optional for place based social housing agencies to engage with the type of approach adopted by Weaver Vale Housing Trust.

There is therefore a growing business case for the emerging national VFM framework to incorporate measurements of economic impact and Social Return on Investment calculations.

This incorporation would then enable a more comprehensive VFM framework to emerge which would reflect the business and social objectives of place based Social Housing agencies in an era where the extent to which individuals and communities can interact with labour markets and employment opportunities will determine if neighbourhoods “sink or swim”.





## 5 Summary & Conclusion



This report has provided an assessment of the economic impact of The Trust over the financial year 2014/15.

In total the organisation supports an estimated 1,046 full time and 88 part time jobs within a 25 mile radius of the HQ with this being supported by an estimated £65 million of expenditure. This represents 1 job for every 6 homes the Trust owns.

A further 148 of the trusts customers benefited from training and employment support. The vast majority of these benefits are felt locally as is evident from the mapping of employment and training outcomes.

All of the communities in Northwich and Winsford benefit from the Trusts activity through direct housing investment, sustained direct employment creation and indirectly through contracting, rents policy and work to secure and enhance local incomes.

Given the shift in national policy away from a redistributive programme of welfare and economic support to one which increasingly will rely on local initiatives and finance, the role of The Trust in securing a significant economic impact for the neighbourhoods covered by the Trusts geographic foot print is a good example of local stewardship by an anchor institution.

The economic impact of the housing association sector is often overlooked in debates at local and national levels and yet all of the evidence suggests that without the sector, disadvantaged localities would be poorer, paying a higher proportion of their income to rent, in property which is frequently not as well maintained.

The additional support the Trust has provided to overcome the disadvantages faced by economically marginal groups is essential for those receiving the assistance given the fact that increasingly the operation of the welfare system will require them to work to receive benefits.

Additionally the wider labour market which characterises Cheshire West and Cheshire is operating at close to full capacity and therefore any future rise in employment has to be supplied by inward migration or a fall in economic activity locally. Given the high structure of house prices which surround Weaver Vale it is more likely the future labour demand will need to be met locally through the reintegration of existing residents into the local economy and the work which The Trust does to support labour supply needs to be seen in this context.



This report has produced a number of illustrations which have mapped employment and training outcomes against areas of deprivation. This exercise was undertaken because a significant amount of literature relating to the evaluation of regeneration programmes has been critical that public sector investment programmes have not benefited those communities and people in most need.

The evidence illustrated by the mapping shows that disadvantaged and low income communities disproportionately benefit from The Trust's housing and employment activity, and also that The Trust makes a significant economic contribution to the well being of the community as a whole.

Finally the future development of local economic policy and delivery will be based around partnerships which will have to innovate and maximise local impact of every pound of expenditure. Local authorities and other key stakeholders involved in health and social care as well as local economic development may need a better understanding of the multi faceted contribution that social housing agencies can and do make to disadvantaged localities.

There have been many years of negative comment in the media and some political circles about the failure of the social housing system to address problems of concentrated social and economic disadvantage, this is a perception which has to be addressed if the sector is to secure the resources it will need to ensure that low income groups are well housed and supported into economic independence in the new public policy environment now emerging in the second decade of the new century.



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## Research Aims and Objectives



The aim of this project is to provide an analytical framework which allows Weaver Vale Housing Trust to estimate the economic impact of its expenditure and social and economic programmes upon tenants, neighbourhoods and the wider Cheshire area in 2014/15. This aim is underpinned by a series of objectives which include:

- To understand the significance of the landlords regeneration programmes in the context of the extent and location of social and economic need in the areas of Cheshire West where stock is concentrated;
- To identify and /or verify the economic impacts of housing, social and economic programmes on tenants, neighbourhoods and local labour markets;
- To identify and/or verify the wider financial impact of investment for the local economy resulting from the inputs and outputs of the Weaver Vale Housing Trust investment programmes;
- To relate the findings of the research to the evolving Value for Money framework being developed by the Homes and Communities Agency.



## Methods



Following on from the projects aims and objectives the research and analysis was developed through three inter related tasks which were:

- **Stage 1: Creation of a social and economic baseline.** This assembled a variety of information relating to: deprivation and need; trends in employment and worklessness; tenure and house prices. This provides a spatial context and illustrates the types of need and concentrations which The Trust are attempting to address through their housing and economic programmes.
- **Stage 2: Scoping economic interventions and available input and output data.** As highlighted in the introduction above – The Trust has a well developed programme of social and economic support for its tenants and neighbourhoods where it has a significant presence. The different approaches and associated data were discussed with Directors and programme managers on a face to face basis with a view to exploring how impact from an economic perspective has been measured, adding value by making connections where appropriate with the wider economic impact generated by housing investment.
- **Stage 3: Calculating Economic Impact.** Through identifying housing expenditure on management and maintenance, new build, employment and training initiatives and shops it was possible to estimate direct and indirect employment impacts of expenditure. These estimates are supported by the mapping of suppliers, the residential location of employees and their relationship spatially to the local economy.



## Let's Talk

To discuss this report further please contact Steve Jennings, Chief Executive of Weaver Vale Housing Trust on 01606 813 399.

Join the conversation on @weavervale #itsnotsostupid

Transforming Neighbourhoods, Homes and Services to improve the quality of life for our customers.

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